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From: Greg Lynch [glynch@cisco.com]

Sent: Tuesday, April 20, 2004 2:41 PM

To: Director - FASB

Cc: savestockoptions@cisco.com

Subject: File Reference # 1102-100

Dear Mr. Director,

I am writing to request you reconsider the potential decision and urge you **not** to expense stock options, especially at an unrealistic high valuation.

Letter of Comment No: 909 File Reference: 1102-100

Stock options have helped me and my co-workers tremendously. They have influenced my work ethic and driven me and co-workers to perform at incredible levels adding to the achievement and productivity gains this country is now experiencing. Stock options drive innovation and prevent mediocrity in the work place by giving ownership to the employees. Additionally they add to the revenue/tax base of this country.

Mr. Director, to put this in perspective I would as you "when was the last time you changed the oil and waxed your *rental car* before returning it". This statement can be analogous to corporate ownership, it is the mentality that stock options create in an organization that offer them. They insure a vested interest in corporate frugality, corporate honesty, innovation and sense of pride in ownership.

Personally, stock options have enabled me to build and pay for property and a home for my parents and my immediate family. I am able to put my son and daughter though a prestigious college and not rely on grant or loan money from the government. Stock options have given my family the experience of traveling around the world on vacation and insure our retirement in a current environment where social security benefits are questionable. Finally, we now have a means to give back to the community in many ways that benefit those less fortunate. With out stock options...none of this would be possible.

Please be aware of the following ramifications if you move forward with expensing stock options:

As you decision relates to accounting Issues:

- 1. The artificially high valuation for a stock option required by FASB will eliminate stock options as a tool which has driven innovation and productivity.
- 2. Stock options do not meet the definition of an expense because they do not use company assets.
- 3. The true cost of a stock option is dilution of earnings per share (EPS) and is already accounted for when options are exercised.

As your decision relates to competition:

1. U.S. companies need stock options to compete with other countries on a global basis. (Example: Chinese companies use stock options and they do not treat them as an expense.)

2. Expensing stock options could have a dramatic impact on American high tech leadership, innovation and job creation. In today's economic environment, the number one rule should be 'first, do no harm'.

Thank you for your consideration on this extremely important issue.

Regards,

Gregory Lynch